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The Relief Outlook in Canada

Winter 1937-1938

"Swing High, Swing Low" in 1938?

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EXPLANATORY PREFACE

For five years now, the Canadian Welfare Council has issued a year-end statement on the relief outlook. This responsibility was originally assumed as a service to Council members, and to voluntary social agencies generally, as they attempted to plan against the possible demands of the ensuing months. Gradually, the Council's forecast was requested by a wider clientele, and finally was made generally available through the press. But this attempt at an assessment of the situation at any given date, and especially as an appraisal of the future, has never been offered as other than an estimate, an estimate conscientiously compiled but nevertheless an estimate.

In different years an attempt has been made to include in the summary some comparative measurement as to the situation in other years. In the last two years this has become increasingly difficult, partly because changing programmes have rendered comparative bases questionable, and more especially because previous bases of statistical calculation have been so frequently revised. It is a regrettable fact that, seven years after the emergency introduction of large scale grants-in-aid from the Dominion to provinces and municipalities, we still lack adequate comparative statistics available, periodically, to the general public, setting forth by provinces, typical areas, and larger municipalities, the incidence and variation in the major groups of dependency (particularly in unemployment and agricultural aid), to which the Dominion contributes.

The compilation of statistics in a country so diversified and unevenly populated as Canada is a problem of real difficulty in any field, especially if these statistics are to be available currently. For instance, in the field of vital statistics, in which simple facts of record such as births, marriages and deaths are compiled, it is almost impossible to make verifiable returns available until about five months after the filing of records.

Obviously, in a field of social statistics as subject to change and interpretation as that of aid, assistance, and relief, the problem is inexpressibly more difficult. Moreover, a modification in programme may substantially alter or destroy comparative bases, while differences in interpretation, in the absence of standard practice, may mean disconcerting revisions.

The change of a base figure may alter calculations as to a situation entirely. In its "Relief Outlook 1936 - 7", the Canadian Welfare Council estimated a total of 1,050,000 to 1,100,000 persons, as in receipt of "direct relief" at the first of December (i.e., 1936). This aggregate total was compiled following direct Council inquiry across Canada. It was, therefore, in the nature of an informal survey. Based on this total, the Council ventured an estimate of possible trends as well. This was an estimate only, which, noting the heavy movement on to relief at the close of November 1936 (an increase of 75,000 in thirty to forty days was later revealed by the official statistics), expressed fears that the load might ultimately be found to stand 6% to 8% higher at that date than in 1935, and might even reach 1,200,000 by mid-December 1936. Fortunately, the "direct relief" totals did not reach this peak until February though "all persons assisted" in December numbered 1,204,000

In making its 1936 estimates, the Council used as a base the "direct relief" totals at the end of November 1935 appearing in the published report of the Dominion Commissioner of Relief for the preceding year, namely 1,044,644, less New Brunswick totals of 23,775, (since New Brunswick was not included in direct relief returns in 1936) and the December 1935 totals of 1,133,028, less New Brunswick totals of 27,575. When the Dominion Relief Commissioner's Report for 1936 - 7 was released in the early summer of 1937, it recorded 1,043, 166 persons in receipt of "direct relief" in November 1936; 1,118,552 in December 1936,—official returns according reasonably well with

the Council's aggregate estimate of 1,050,000 to 1,100,000 persons on " direct relief " at December the first, 1936. This official Report also carried an inclusive table of revised relief totals for December 1935 of 1,176,491—a 3.8% increase over the previously published official figures, while the classification returns appearing in the Labour Gazette (October 1936) had revised this figure to 1,210,882—or a figure 6.8% higher. Thus, according to the base used, with any one of three sets of published official figures for the same month, the comparison of the December 1936 over the 1935 load would indicate any one of three situations—almost no change (and therefore a probable rise, as totals were then moving); or a 5% lower load; or one 8% lower than the same month in 1935.

Changes in policies and programmes also make it almost impossible, accurately to compare different years. For instance in the change over from relief camps to farm placement for non-resident and migrant unattached men, the question not only arises as to whether those placed on farms are on material aid or " placed ", but as to whether the farmers, who are bonussed to take them, are also to be included in the aid totals as " assisted by public funds". As these farmers are or are not included, there may be a possible variation of 30,000 to 40,000 in a year,—3% to 4% in aid totals on a peak of 900,000 individuals assisted—in the numbers described as " in receipt of aid to which the Dominion contributes ".

Similarly a works programme may mean a transfer of many thousands from material aid to aid for work, but such persons are still dependent upon public funds, and cannot be simply dropped from comparative studies, otherwise they may be reported as " new unemployed ", suggesting new recessions, upon the termination of special projects. The Province of Quebec, which has been engaging widely in a works programme, is protecting itself against such a possible snap-back by retaining the classifications of ordinary material aid; of colonization aid; and of workers and dependents on work projects. Thus, in October, it notes 143,000 persons on material aid but, in addition, in 35 municipalities with works projects, it reports that 5,760 workers with 23,868 dependents are being supported thereby, bringing the aid or work dependents to 182,000. New Brunswick, on the other hand, may be described as having no " direct relief ", which can be literally true, at a time when very large numbers of heads of families in Saint John are working at a fixed hourly schedule for amounts equivalent to former grocery orders; and additional hours in specified number for specified items of clothing. British Columbia, particularly in Vancouver, has substituted a plan of maximum work of eleven days at $4.00 per day,— $44.00 per month—for able-bodied family heads on material aid, who can hardly be dropped in a comparison of dependency in 1936 with 1937.

The determined efforts of the last year to establish necessary distinctions between those in need, because of economic or agricultural distress, and social problem cases, also mean changes in comparable totals, because of the transfers of large numbers from one type of public help to another. It is, for example, probable that some of the " unemployed " over 70 years of age are found in the increase of 51,000 in old age pensioners in the year; in the 43,800 aged admitted to such help in Quebec. Part of Montreal's reduction in material aid totals is represented in the transfer of 40,000 persons, at a monthly cost of $110,000 from aid to special civic help at local cost. In so far as these changes mean reductions, totals are measurable with other years: insofar as comprehensive comparisons of these as movements in dependency are involved comparative treatment is impossible.

These various illustrations suggest the difficulties in the way of any close approximation of totals in percentage relationship to preceding years, and will explain why the Council's statement, this year, seeks to interpret the situation, as seen in the public and voluntary welfare offices close to the problem, in terms of general trends and mass totals rather than in definite percentages and measurements.

THE RELIEF OUTLOOK 1937-8

"Swing High, Swing Low", in 1938?

THE YEAR just closing has been a " good one " in Canada, particularly in its first ten months. In spite of a reverse movement in the totals of those in receipt of unemployment and agricultural aid in October, and what appears to be a more rapid movement on to public help, in November and early December than comparable seasonal fluctuations would suggest, the Council estimates that the total number of men, women, and children in receipt of material aid, to which the Dominion contributes, appears to stand in early December in the neighbourhood of 900,000, with an upward limit of 925,000. This includes the drought areas and contrasts with official totals of 1,043,166 individuals in November 1936, and 1,118,552 in December of that year. When it is realized that in this year's totals, the Saskatchewan drought area supplies approximately 200,000 persons, as against 110,000 to 125,000 at the same time last year, the net improvement in the general situation, outside this stricken plain, suggests approximately 200,000 to 225,000 fewer persons dependent on public funds for material sustenance.

From the high of March 1937, this represents a net reduction of more than 400,000 in the aid totals, a reduction substantially greater were the drought area totals adjusted.

For the first time, since 1931, Canada appears to be facing the winter with the gross total of those on material aid at less than 1,000,000 persons; probably a full 10 per cent less.

Some Other Indices

The Employment Index at November the first stood at 125.2 compared with 102.8 at the low in March 1937 and 111.0 in November 1936. True the curve has " flattened out " since October the first, but it had then reached and slightly surpassed the preceding all time high of 1929. This meant that, in the year, among the 10,463 firms reporting, certainly over 141,000 persons had been added to payrolls, or 218,275 since the filing of returns by the firms reporting in March 1937. The December Index* stands at 121.6, showing a drop of 34,000 workers in November.

The Economic Index, undoubtedly reflecting Canadian reactions to United States recessions, after an encouraging climb, declined fairly steadily from the first of September to November but since then it has been running at practically the same level to the last date of record available (December 24th) where it showed a decline of 7.9 per cent from the same week in 1936.

Other general indices are good. On the whole, the spirit of business and the general public alike is optimistic, in spite of recessions in the Canadian stock market. National revenues were buoyant at the end of the first eight months of the fiscal year ; trade expanding, bank clearings high.

One fair index of the general situation is voluntary givings as reflected in the Community Chests. Though some of Canada's fourteen joint campaigns failed of their objectives, others swept

* Announced Dec. 29th.

past theirs, particularly Regina in the drought area, and Victoria with its first Chest. On the whole returns were higher than last year, and will likely exceed $3,300,000. Reports available from 106 Chests in the United States show total funds amounting to but 95.8 per cent of objectives, it is true, but yet 102.4 per cent over 1937 returns.

Conditions Across Canada

At the *Pacific Coast*, the year ends with some slackening in the remarkable pace of recovery there, chiefly due to the slowing up of lumbering, because of higher ocean freight rates, with consequent impairment of the British market. Also, the Far Eastern crisis has cut sharply into the Pacific lumber trade, though shipping and certain other lines of business are reported as benefitting. The heavy influx not only of individuals but of families, deserting the prairie land after seven long years of suffering, is adding heavily to the problems of both public and voluntary services. The "switchover" from material aid to work programmes has not yet been adjusted to the difference in wage income and former aid allowances, with a consequent heavy increase in supplemental help for the voluntary services. All in all, it is probable that need and costs may both rise perceptibly in the next few months, but so great are the gains that have been made that the tide is not likely to compare at all with the high mark of other years.

Improved business in parts of the South, good crop prices, outside the drought areas, lumbering and road work instituted by the public authorities, and improved conditions in the oil fields have held the *Alberta* situation at a better level than the large area of drought, and the general uncertainty arising from the province's monetary and credit experiments might suggest. In many areas, however, the spirit of defeatism is prevalent, while the influx from rural to urban centres, a heavy movement into the province from the drought areas of Saskatchewan, and the continuing high numbers and costs of aid in Calgary and Edmonton give a sombre outlook for the winter in the pleasant foothill province.

In *Saskatchewan*, the seventh and worst year of unbroken drought has meant that the province practically passes into the Dominion's foster care for financing not only of special but of general needs. Practically 200,000 in the drought areas, and 190,000 in the balance of the province, out of a population of 930,000, were dependent on public funds for assistance in whole or in part in early December. The drying up of the great wheat plain has affected transportation interests, particularly, and all business in western Canada and the servicing markets of the East as well. As never before people are moving West to the Coast, or East, particularly to Ontario. There is no panic, an apathy rather than despair, a weary "giving up here", and yet a determination to try it "back home" or "over the mountains". All Canada has rallied to the sister province in need, while public funds are being made available on an unprecedented scale, both for immediate alleviation of need and rehabilitation work. The increase in

* Dominion Relief Commissioner's Report 1936–7.

dependency in November 1937 over 1936, due to six years of steady need, was reported as approximately 125 to 150 per cent.

Manitoba, on the other hand, is showing remarkable recuperation. Her crop returns will be double last year's; her reduced drought area is within her own capacity; and the numbers on aid are several thousands lower than last year. It, too, is suffering from the influx of Saskatchewan families and workers seeking settlement. It is true, that the Winnipeg area, centre of 80 per cent of the province's need, faces a crisis in financing its aid programme, but the situation is the more hopeful in that it does so in an improved rather than depressed outlook. Were it not for the disastrous contraction of business in Saskatchewan, for which Winnipeg is the key mart (as she is for all the prairies), the old prairie province would be well on the upgrade.

From *Manitoba to the Atlantic*, however, the outlook has been decidedly improved, with the exception of a faltering in the lumbering trade in New Brunswick, a backing up of the potato market there, and in Prince Edward Island, and a hesitancy of recent growth in newsprint in Ontario, Quebec and New Brunswick. In only one of *Ontario's* cities has there been an increase in 1937 loads, while from city, town, and village come reports of lower total costs. Per capita costs threaten to rise, in part because of higher food costs. Heavy loads that must include social care cases still occur. Nova Scotia reports *Halifax* as the one centre with heavy lists. However, in all five provinces, and in parts of the West, it is to be remembered that the cessation of works projects may mean an increased movement back on to public aid, while the movement of prairie families to the central provinces is also creating problems that will require attention, and likely in the next few months.

Outlook Cheery but with Some Uncertainty

Altogether, an unusually cheery attitude characterized the Canadian outlook until November, and, on the whole, that outlook is still cheery, though in the last three to four weeks there is discernible a growing feeling of uncertainty among the social agencies. Lay-offs in the railways or due to deferred or reduced or cancelled orders in many industrial centres seem to reflect either prairie conditions, or influence from the United States situation, and as such are causing uneasiness. It is rather uneasiness than definite anxiety or fear, a questioning rather than a grave surmise. The agencies also report, from many centres, that their clients seem to regard the situation as a temporary stoppage, and that, therefore, there is not, for those who have been back at work, the dull hopelessness as they seek aid that characterized weary men and women in past years.

As the year closes, therefore, the situation is one of some slight uncertainty and nervousness, but on the whole, there seems to be a "feeling" rather than definite evidence perhaps that Canadian recovery has merely slackened but is not imperilled. That there is uncertainty, however, cannot be denied and it would be less than just to these hundreds of thousands of men, women and children, still eating the bread of public bounty; to the

agencies that serve them; and to their fellow citizens, from whose substance their aid is granted, if we did not examine, soberly, the disquieting, as well as the encouraging, factors in the present outlook.

The Situation in the United Kingdom

Scanning the skies anxiously for portents, it might be well to look particularly in the direction whence blow those winds which particularly affect the currents of our life—Great Britain and the United States, our two best buyers and the markets of our heaviest purchases.

In Great Britain and Northern Ireland, evidences of some misgiving as to the immediate future have not been absent from recent news dispatches and reports of debates in Parliament. The upward movement of 30,020 more persons, registered as unemployed at the middle of September, over August 23rd, 1937, followed by a further increase of 68,646, on October 18th over September 13th, and by 108,000 in November over October has caused further disquiet, particularly on this continent, where the business recession of the United States has contributed to nerves, already on the 'qui vive'.

Upon examination, however, the British situation, while revealing some phases of uncertainty, appears to hold, as yet, no threat of serious collapse, comparable to the black early years of this decade. While these totals of insured persons unemployed, of workers, temporarily unemployed, and of casual workers idle, all reflected these gradual increases in the autumn of 1937, nevertheless the totals in each group in September and October still showed some improvement over the comparable period in 1936, those in the first two groups recording in fact a decrease of a little over one per cent. On the other hand, there is no doubt that the passing of "peak" business, centering for eighteen to twenty months about the Coronation, has inevitably affected the distributive trades, hotel, restaurant and similar business, etc., while the Far Eastern situation has impaired and threatened Britain's rich Chinese trade and investments, with resultant repercussions in finance and business. Unfavourable weather all autumn and a natural slackening in the incredibly active housing construction of recent years have also affected building and engineering lines.

Commenting on the situation, and citing the adverse effect on British business of the slump in the United States, The Times * says :

> "The situation, both here and in the United States, certainly does not contain the factors which precipitated and intensified the depression of 1929 - 32. There are no such pyramids of speculative credit, no such mortgaging of incomes, no such inflated security values, no such weak government in office in this country, no such absence of machinery for correcting unjustifiable fluctuations, whether in currency or in commodity values. There is . . . . . at least one piece of 'definitely positive action' already under way in the shape of the negotiations for a new Anglo-American Trade Treaty, and

* Times Weekly, December 2nd, 1937.

> in this country there is the steadying factor of the Government's re-armament programme."

Unemployment Insurance Resources

At the date of this editorial, the British Government had not yet announced its provisions for the extension of its low cost housing programme in rural areas, through which £40,000,000 will be made available over a period of years.

Of even greater significance, however, is the entrenched position in which Great Britain, through her reorganized Unemployment Insurance and Assistance measures, awaits the shock to her working forces of any probable economic tremour. The Committee on Economic Information of the Economic Advisory Council * in February 1936, estimated that "the most reasonable working hypothesis to adopt" was that "the average of unemployment among insured persons, aged 16 - 64, in Great Britain over the next ten years" would be "in the neighbourhood of 15½ or 16 per cent" but that "the average of a shorter period such as eight years, would be materially higher". In developing its plans, on this hypothesis, the Unemployment Insurance Statutory Committee assumed "a definite length for the next (trade) cycle" namely "eight years, beginning with 1936".

These calculations assumed improvement on "the level of employment reached in 1935" for 1936, and "probably for the next year also" but were also based on the consideration that "the hypothesis suggested" provided for "a substantial recession of employment, ... at some time during the next five years". The Committee, therefore, has operated on the assumption of an unemployment average of 16.75 per cent from 1936 to 1943 ‡, with a prognostication that, thereafter the "general trend of unemployment will be downward"; "each successive fluctuation", taking place "at a lower level" as persons in "depressed staple industries" leave them "through retirement or transfer and are not replaced".

Thus, for nearly two years now, planning in Great Britain has been based on an average unemployment of 16.75 per cent for 1936 to 1943; on the continuance of "trade recovery and the decline of unemployment", "until at least the latter part of 1937", and an estimate of "48 per cent of unemployment ranking for benefit" (*i.e.*, under the insurance fund). As one result, Great Britain, with her percentage of unemployed, including temporary stoppages, at 10.2 only in October 1937, faces recessions, if they come in the immediate years, as fully anticipated, and with £62,000,000 as a surplus in the Unemployment Insurance Fund at December 31st, 1937, and the probability of an addition of £20,000,000 in 1938.

Relation to Canada

These facts are of the greatest possible significance to Canada with so much of her export trade centred in Britain. These buffers

* Sir Josiah Stamp, Chairman, Professor A. L. Bowley, Messrs. G. D. H. Cole, H. D. Henderson, D. Caradog Jones, J. M. Keynes, D. H. Robertson, Sir Alfred Lewis, Sir Arthur Salter, Sir Ernest Simon : Report of the Unemployment Insurance Statutory Committee, February 21st, 1936.

‡ Subject to any such heavy dislocation as involved in war, major international changes in economic collapse or expansion.

of preparedness will mean, in the case of any heavy recession, that steadying forces will become automatically effective, with resultant "evening out" of need and consequent fair maintenance of purchasing power. Also, and more important, they guarantee protection against panic and so, psychologically, a sheet anchor to windward in our close affiliation with the British economy, should the United States recession threaten a rout of retreat.

The United States

The situation in the United States is peculiarly resistant to assessment. Undoubtedly, as far as can be gauged, both the public and voluntary social agencies, over a wide front, are gravely concerned at the outlook. "It looks so like 1930 over again" as the applicants at the relief offices in the industrial centres have increased by thousands almost every week since September, and appropriations for twelve months have been exhausted in ten months. On the one hand, the total United States relief bill for October 1937—relief and works—was $165,000,000, a decrease of 26 per cent. over 1936 but for the same period, the estimated increase of relief applicants was three per cent, where, each month since March 1937, these rolls had recorded decreases. There is no intimation, as yet, that the loads of 1937–8 will approximate the loads of 1936–7, but there seems fairly wide agreement that the numbers and rate of increase in the last ninety days have been much heavier than last year.

On the other hand, it is doubtful if the basic situation in respect to dependency in the United States had improved as markedly as the reduction in federal statistics in recent months might suggest. With the restriction of federal funds to works and "categorical relief" *, three factors contributed to the reduction in totals, — transfers to relief works; transfers, at 100 per cent of the costs, to state and municipal funds of all others than ablebodied unemployed and the "categories"; and transfers from the federal relief rolls to "categorical relief", of thousands in these latter groups of dependents. Thus, while in September 1937, about 1,400,000 persons benefitted under relief works, 1,500,000 aged, 39,000 blind, and 482,000 dependent children in 194,000 families, received help under the "categorical" provisions, and 3,800,000 persons in 1,300,000 cases received over $30,000,000 in the "general relief" of the States or municipalities. Consequently, the degree of recovery from dependence upon public funds was not as great as mere contrast of workers on relief projects would suggest, and at the first sign of contraction this would become evident.

How much of the United States recovery was artificial, sustained on public spending, and thus subject to contraction with its contraction is doubtful, while there seems some question whether the sudden imposition of the unemployment compensation measure, (resembling rather the earlier than the later principles of British social insurance practice), did not ask a greater blood transfusion from United States business than a convalescent patient could sustain at such an early stage in recovery. This and other factors contributed to what The Times* describes as "the deplorable antagonism, which seems to exist between industrial and political

* Aged; Blind; Dependent, ~~and Crippled~~ Children.

leaders in the United States," with inevitable, resultant uncertainty and insecurity. The stock market crash, whatever its basic cause, has shaken business and the general public on both sides of the boundary, and so broadly are United States and Canadian citizens engaged in speculation, as one line of gainful occupation, that the psychological reaction is apt to be greater than the actual conditions justify.

Effect on Canada

The effect of all these circumstances and fears has been felt in Canada, where, recent years indicate, changes in the United States economy reverberate, within four to five months, with an uncanny regularity. To quote The Times * again, "in any case, it is quite inconceivable" that "the positive action" necessary to the restoration of public confidence in that country "should be indefinitely delayed, for too much in the way of human well being in all countries is at stake." Present indications are that, though badly frightened, Canada has "stood up" incredibly well against the near-panic of her great neighbour, and that she will be able to do so for another short period at least; that if, as seems imperative, the United States takes constructive action to retrieve and control the situation, its backwash will not strike Canada this time until its force has been somewhat assuaged by countercurrents of recovery. If such a happy combination of circumstances occurs, Canada will suffer only a minor setback, and the spring and summer of 1938 will likely compare favourably with 1937 or even advance over that year.

Probing the Canadian Situation

Analyzing the Canadian situation, frankly, in the light of conditions in these two great states which so affect our destiny, there is ample cause for serious reflection as to the full extent and fundamental nature of our own recovery.

Our Best Low

Examining this "best low", with which we have faced any winter of recent years, and excluding the drought area totals therefrom, we find that our totals, dependent on material aid number some 700,000 souls, representing possibly 120,000 ablebodied urban workers, 35,000 resident farm operators, (outside the drought areas), perhaps 45,000 totally or partially unemployable persons, and 500,000 dependents. This is the base, from which we start towards our upward winter swing with 200,000 in the drought areas.

Our Winter Dependency, 300,000?

Another significant fact emerges, that Canada has a recurring need of "winter relief" and that, whether we willed it or not, we have manoeuvred ourselves into the position where the seasonally needy, the municipalities, and the provinces all regard Dominion aid as essential in its alleviation. As we congratulate ourselves

* Times Weekly, December 2, 1937.

‡ The Minister of Labour placed the total of able-bodied unemployed in receipt of material aid in other than agricultural areas at 119,000 for October 1937, in a public statement December 10th, 1937.

on the progress made in the summer of 1937, in the gross reduction of over 400,000, effected in the totals of persons, dependent on unemployment or agricultural aid, in spite of the drought, we look for measurement with other years. And, if we revert to the " all time high " of material aid in Canada,—1,517,531 persons in April 1933—we find that by September of that year the total had dropped by 548,000 to 969,000. By March 1934, it moved up to 1,358,000, to be beaten back to 930,000,—a reduction of 428,000—by September. Winter shoved the load again to 1,350,000 by March 1935; summer activity reduced it to a low of 905,000 by August, a break of 445,000. But again in the spring of 1936 it reached 1,398,000, with a reduction of 424,000 to the low in September of 973,000.

What do five years of struggle mean? They mean that, accompanied by drought complications, it is true, but in any event, there is a heavy tide of seasonal dependency‡ in Canada that engulfs 300,000 to 400,000 individuals each year in recurring dependency upon public aid; that involves an unascertained number in idleness and dissipation of savings or reserves, and that must affect some 150,000 adult workers. This is a load that Canada must plan to carry in her ordinary stride, apart from economic collapse or drought. It is a recurring problem, for which, like Germany, she must provide, for she has not the alternate, seasonal shift of unskilled labour from northern to southern industrial and agricultural pursuits, which does help the United States in its winter slack.

Not all our Reduction in Aid Totals, Clear Gain

Conscientious probing to basic facts compels examination of the substantial reduction in our aid totals. The decline flows in three directions.

First, and most happily, there has been *the heavy movement back into gainful occupation.* What the full measure of that tide has been one cannot ascertain, for many reasons. In the first place, we have never known the numbers of our idle, not in receipt of public aid; and in the second place the records of employment cover only those who work for wages, salary, etc., in plants employing fifteen or more workers.* They do not cover smaller plants, nor the 34½% of Canadian workers " on their own " in home, or small shop, as producers, processers, barbers, tailors, cobblers, taxi drivers, etc., nor do they cover Canada's heavy population in agriculture. Consequently, these employment totals apply to a proportion of our wage-earners only, while our aid totals deal with 100% of all those, dependent through idleness, on public help. We do know that 141,000 more workers were employed by reporting forms in November 1937 than in 1936.

The *second fact* to be considered in examining the reduction in aid totals, is that not all the movement " off " has been into normal channels of gainful occupation but has been due, in part, to *the*

* The employment returns included 44.8 per cent of all those at work in all industries as enumerated in the census of June 1, 1931, since when there has been an increase of 30 per cent in the number of co-operating firms; the proportion of total workers in the Dominion covered in the recent surveys of employment must therefore have considerably increased. It is not possible now to state what the percentage coverage would be.

‡ Particularly discernible in areas like the Okanagan fruit belt, etc.

substitution of works programmes, in some provinces, or " work for relief " in others.

Insofar as such policies result in useful, gainful occupation under reasonably just conditions for persons otherwise idle and dependent on material aid, they are justified, but insofar as they offer mere sustenance, at an inadequate scale, they may be worse than material aid. Insofar, however, as the persons transferred from material aid to such projects are represented as " off relief ", the representation is hardly in accord with facts, in that they are still dependent upon public funds, made available because of their dependency and need. Should other occupational demand not offer upon the termination of such schemes, such persons become almost automatically recipients of material aid again. Unless such persons removed from aid rolls are thus recorded in separate work categories, their possible reversion to material aid at the termination of works projects may have a very bad reaction, by indicating a sudden " jump " in dependency, when, as a matter of fact, these workers were continuously charges upon public funds.

The third phase of the reduction in our aid totals is related to *differences in classifications of the recipients of public help.* It has long been argued that the so-called unemployment and agricultural aid totals were swollen by large numbers of social care cases, ordinarily dependent upon municipal or provincial welfare funds. This same indiscriminate mass pooling of all types of need, in one catch basin, characterized the large scale early handling of unemployment in Great Britain and the United States. Canada had to await the Registration of the National Employment Commission, and the vigorous crusading of its energetic Chairman, to bring home the full significance of this tendency. Some of the provinces and larger municipalities have shown energetic collaboration to this same end, with a consequent marked reduction in "unemployment relief".* The rapid reclassifying of our recipients of aid to which the Dominion contributes into the economically and the socially needy, and the further subdivision among each group of the employable, and of those unfortunately likely to be permanently dependent, has been one of the most constructive developments of the last few months. It will allow the problem of re-establishment, with whatever it may involve, to be tackled for what it is, and the social care problem treated as a separate one.

Nevertheless, it is not fully in the interests of the situation, to assume that this movement of social care cases from the aid rolls is all gain, for the great bulk of them must be transferred to other forms of care, at the cost of public or voluntary funds. Only chaos and cruel suffering can result if such transfers are effected without due assurance of the adequacy of these other provisions. Undoubtedly, in the grim determination to "break relief totals", general public opinion is tending to harden and cut either aid or loads ruthlessly. This cannot be done without disaster. The totals must be analyzed, those genuinely in need separated from the malingerers, and need dealt with for the type of problem it

* It would be less than just not to note that certain of our larger cities always made determined efforts to keep the two groups distinct, one being 100 per cent a municipal charge, the other anywhere from 15 per cent to 50 per cent so.

presents. The ability of municipal or provincial funds, and of voluntary resources to accept a transferred burden must be assessed before the transfer is automatically made. And the fact that this transfer will mean more constructive treatment, under methods more appropriate to differing needs, rather than the disappearance of these groups from social help must be recognized.

Other Considerations of Importance—Number of Wage Workers Growing

Another extremely significant factor seems to be continuously ignored, though extremely valuable studies of the Dominion Bureau of Statistics have been emphasizing it constantly*, namely, that our population is not static, and that we must allow for our problem, not only as one of replacing idle workers in gainful occupation but of "taking care" of an increasing number of persons seeking work on a wage basis, annually.

The Bureau's estimates place Canada's population in gainful occupation, in October 1937, at the grand total of 4,380,000 workers, a net increase of practically 450,000 from the date of the Dominion census in 1931. These 4,380,000 workers are estimated as including 2,903,000 wage earners, and 1,477,000 independent workers, which means that in the same six years the number of persons seeking work on a wage basis increased by 330,000 (12½ per cent) and the group of independent workers by 120,000 (8.8 per cent). *Thus, merely to "break even" in occupational demand, Canadian work opportunity would have had to develop, ordinarily, 75,000 new net openings annually in each of these six years,* and of these the demand would be for 55,000 on a wage basis, and 20,000 on an "own worker" basis. An improvement of even 75,000 in our worker totals in any one of these years merely means that the situation grows no worse, not that it improves.

That this is so is further emphasized by the Bureau's preliminary estimates that 235,000 wage workers were unemployed, in October 1937, as against 223,000 in September 1937 ** : that the net loss in wage-earners employed was but 8000 in this period, but since the number of persons seeking employment as wage workers increased 4,000 in the month, there was an increase of 12,000 in unemployed wage-earners.

Idleness among workers on their own, while not included in the Bureau's estimates, would probably occur at no lower percentage than among wage-earners, and so might be reasonably gauged at not less than 125,000 more individuals.

* The Trend of Unemployment since 1921.

** It is important to realize that these totals would include all workers idle, not only those in receipt of aid. The contrast in these totals with those of adult workers or farm operators on aid suggests that even in these times, many thousands of workers, when idle, manage on their own resources, without public assistance.

It is also to be noted that this total of 235,000 unemployed wage-earners, in October 1937, might appear extremely discouraging, were it not realized that this is a new "low", never reached since the early winter of 1930. Even at the height of activity in July 1929, our unemployed wage-earners were estimated at 49,000, a total mounting steadily through 92,000 in the autumn to 288,000 in March 1930. Our peak in unemployment among wage-earners was 713,000 in February 1933 which, with some seasonal fluctuations, was beaten down to 589,000 in the spring of 1935, and 435,000 in the early autumn. Then it rose again, however, to 568,000 in March 1936, receded, mounted again to 521,000 in February 1937, from which it dropped to a new low of 223,000 in September 1937, only to start upward again with October.

It is imperative that, in planning for the movement of population out of idleness into employment, we should keep in mind this constant flow in a young country of thousands of potential gainful workers into the labour supply.

Non-Residence and Migrancy

The trek out from the prairie land, and the trek to the urban centres therein, throw up in aggravated form another recurrent and serious problem in Canadian dependency, namely that of non-residence and migrancy. Its consequences grow apace in the absence of adequate reciprocal legislation and practice among our provinces and municipalities. Particularly is the problem severe among men without homes of their own, but the volume of family cases is also growing. A whole lost generation is represented in the men wandering the country in the summer, haunting city mission or hostel or placed in rural homes in the winter, restless, weary, and unestablished. The situation is more urgent than may appear on the surface but the suggestions of the National Employment Commission for constructive long-term planning offer some hope of more definite attack upon it.

The Financial Background

The general financial situation in a country cannot but affect the outlook of the people as a whole. While Dominion revenues show an increase of $57,200,000 in the first eight months of the fiscal year, disbursements show but $2,400,000 decrease. Thus, the maintenance of buoyant revenues is essential if retrenchment or increased taxation is to be avoided. Dominion commitments for material aid, work aid, and aid projects will probably total $50,000,000 for the current fiscal year, while provincial and municipal obligations for this purpose may amount to $35,000,000, definite reductions from 1936-7. The other largest item of civilian dependency costs for the Dominion is its share of old age pensions, likely $30,000,000 for this year.

It is well to keep in mind, as we assess our essential strengths, in the face either of prosperity or diversity, that lower interest rates may deflect public attention from the heavy increase in the capital debt structure, which has grown by 615 millions in the Dominion's obligations since 1926; 410 millions in provincial, and 105 millions in municipal commitments since 1931.

National Employment Defences Essential

All these facts together suggest the starting point from which Canada would have to enter another depression, should the present recession assume such proportions. Surely, the time to plan is now. Surely, Canadians must be a unit in exploring ways and means of protecting the economy of this country against the worst costs of our recurring problems through the defences of a nationally organized Employment Service and a national Employment Insurance Fund. Almost three full "upward years" have now been lost, because of the operation of constitutional barriers against the erection of these and other necessary social safeguards. Therefore the year 1938 opens the more auspiciously, because of the

announced plan of the Dominion power for the development of such provisions, and because of the exploration, already in process, of Dominion-Provincial relations, looking to the equitable application of our resources to meet the undoubted needs of changing times.

Three Necessities

All of which suggests that we must not beguile ourselves into regarding declining pressures as the solution of fundamental problems just because their immediate urgency seems "easing off". The National Employment Commission has been rendering signal service in attempting to focus public opinion on three problems, each of which has been serving to make dependency, more dependent,—the continuance on public aid of dependent population with wretched living standards, in hinterland or derelict areas; the grinding down of shelter accommodation into progressively more wretched hovels, at increasing per capita costs; and our failure to develop re-training and revitalizing measures for the beaten, the broken, and the prematurely aged whom the idle years have corroded from self-supporting usefulness into deteriorating despair, and bleak, unbroken dependency. The million dollar youth training plan is a gesture in the direction of meeting one of the most emergent phases of the problem, and as such marks another mile-stone in 1937. But the Commission has rightly intimated that not incidental but comprehensive national programmes are required on these three fronts of *resettlement*, *rehousing*, and *retraining* for those whom the depression has made dependents upon the national wealth instead of vigorous contributors thereto.

A Grave Danger

But now, as for the first sustained period in many years, there seems a breathing space, there emerges in too many quarters to be disregarded, a danger as grave as the crisis which has shaken us. It takes its rise, in part, in the increasing docility and indifference reported among the recipients of public help in the face of continuing or threatened idleness. A "spiritlessness" and a loss of essential dignity perhaps could not but be by-products of our emergency mass treatment of individual human lives. But more and more, there are signs that the old, loyal and proud submission of the subject to constituted authority is giving way, in fear and insecurity, to a cringing subservience, an unwillingness to venture or to risk. The sense of uncertainty and dependency is sapping at the very foundations of individual initiative, of self-reliance, of an appreciation of the values of spiritual and intellectual freedom. Freedom, to-day, of itself is too generally regarded as a quantity to be despised and scorned as "freedom to suffer and to starve".

There are not wanting signs, in certain quarters, that authority is tightening rein and threatens to ride hard. Ruthlessness alone will not revive broken men. If through our mass treatment of individual disaster, we have destroyed personal enterprise and independence, and if, realizing this, we fail immediately to take measures to retrieve and preserve these qualities, then there slips away the very bulwark of our democratic life. We are indeed a lesser people if the depression has taken from us our appreciation of our ancient liberties,—of thought, of belief, of speech, and of action,—as verities of greater value than life itself.